

(e) *Authorization.* The director of the port where a broker has given notification to maintain records of financial transactions on a centralized system basis, as set forth in § 111.23(e), is responsible for providing an exemption or withdrawal of exemption under paragraphs (b) and (c) of this section.

[T.D. 78-138, 43 FR 21878, May 22, 1978, as amended by T.D. 82-33, 47 FR 6615, Feb. 16, 1982; T.D. 86-161, 51 FR 30341, Aug. 26, 1986; T.D. 90-92, 55 FR 49884, Dec. 3, 1990]

§ 111.23 Retention of records.

(a) *Place and period of retention—(1) Place.* The records, as defined in § 111.1(f), and required by §§ 111.21 and 111.22 to be kept by the broker, shall be retained at the port, unless notification of centralized accounting records is given under paragraph (e) of this section, or notification is provided by electronic entry filers under part 143, subpart D, of this chapter.

(2) *Period.* The records described in paragraph (a)(1) of this section, other than powers of attorney, shall be retained for at least 5 years after the date of entry. Powers of attorney shall be retained until revoked, and revoked powers of attorney and letters of revocation shall be retained for 5 years after either the date of revocation or the date the client ceases to be an "active client" as defined in § 111.29(b)(2)(ii). When merchandise is withdrawn from a bonded warehouse, copies of papers relating to the withdrawal shall be retained for 5 years from the date of withdrawal of the last merchandise withdrawn under the entry.

(b) *Microfilming of records.* A broker, with the approval of the director of the port at which he has been granted a permit and the records are located, may maintain on microfilm or similar medium, in lieu of an original, any records other than powers of attorney required to be retained under the provisions of paragraph (a) of this section, at any time after the entry to which these records pertain has been liquidated, upon the following conditions:

(1) *Approval of microfilming.* The broker shall submit to the director of the port at which he is licensed a request for approval to microfilm records containing the following certification:

This certifies that the records for which this approval is requested shall be microfilmed in accordance with the standards set forth in § 111.23(c) of the Customs Regulations (19 CFR 111.23(c)).

(2) *Retention of microfilm records.* The broker shall retain and keep available an original and one reproduction of each microfilm for the period specified by paragraph (a) of this section.

(3) *Use of microfilm records.* The reproduction copy of the original negative microfilm of books and papers may be used for reference purposes. However, the original negative microfilm shall not be used for reference purposes, and adequate measures shall be taken to keep the original negative clean and free from scratches.

(4) *Hard-copy reproductions.* Brokers microfilming their records shall use microfilm equipment having the capability of making direct hard-copy reproductions of the microfilmed records.

(5) *Expense of reproductions.* Brokers shall bear the expense of making hardcopy reproductions of any or all microfilmed records required by the Field Director, Regulatory Audit, the special agent in charge, or other proper official of the U.S. Customs Service for the audit or inspection of books and records.

(c) *Standards required for microfilming.* Brokers microfilming their records shall maintain the integrity of the original records by insuring that the microfilm copies are true reproductions of the original records and serve the purpose for which such records were created. The following shall be observed in any microfilming:

(1) Copies shall contain all significant record detail shown on the original.

(2) Copies of the records, on either roll microfilm or unit microfilm systems, shall be so arranged, identified, and indexed that any individual document or component of the records can be located with reasonable facility.

(3) Any indexes, registers or other finding aids shall be microfilmed at the beginning of the records to which they relate.

(d) *Other methods of reproduction for record retention.* If approved by the port director at which a broker has been granted a permit and in which he has

records located, a broker may use, in lieu of original documents, methods of reproduction other than microfilm, including microfiche, for the reproduction of records, provided the requirements of paragraphs (b) and (c) of this section are met. While original powers of attorney must be retained, copies also may be retained.

(e) *Notification*—(1) *Applicability*. The procedure to maintain financial records on a centralized system basis is generally available to brokers who have been granted permits to do business in more than one district.

(2) *Form and content*. If centralized storage is desired by the broker, he must submit a written notice addressed to the Office of Field Operations, Headquarters. The written notice shall include:

(i) The address at which the broker intends to maintain the centralized accounting records. This location must be within a district where the broker has been granted a permit;

(ii) A detailed statement describing all the records of financial transactions to be maintained at the centralized location, the methodology of record maintenance, a description of any automated data processing to be applied, and a list of all the broker's customs business activity locations; and

(iii) An agreement that there will be no change in the records, the manner of recordkeeping, or the location at which they will be maintained, unless Customs is first notified.

(f) *Reproduction of centralized accounting records*. The Office of Field Operations, Headquarters, is responsible for approving requests for the reproduction of centralized financial records provided under paragraphs (b) and (d) of this section.

[T.D. 70-134, 35 FR 9254, June 13, 1970, as amended by T.D. 72-299, 37 FR 23100, Oct. 28, 1972; T.D. 78-138, 43 FR 21880, May 22, 1978; T.D. 86-161, 51 FR 30342, Aug. 26, 1986; T.D. 90-92, 55 FR 49884, Dec. 3, 1990; T.D. 95-77, 60 FR 50019, Sept. 27, 1995]

§ 111.24 Records confidential.

The records referred to in this part and pertaining to the business of the clients serviced by the broker shall be considered confidential, and the broker shall not disclose their contents or any

information connected therewith to any persons other than such clients and the Field Director, Regulatory Audit, the special agent in charge, or other duly accredited agents of the United States except on subpoena by a court of competent jurisdiction.

[T.D. 78-138, 43 FR 21880, May 22, 1978, as amended by T.D. 86-161, 51 FR 30342, Aug. 26, 1986]

§ 111.25 Records shall be available.

During the period of retention, the broker shall maintain his records in such manner that they may readily be examined, and they shall be made available for inspection, copying, reproduction or other official use by Customs regulatory auditors or special agents in accordance with the provisions of §§ 162.1a through 162.1i within the period of retention or within any longer period of time during which they remain in the possession of the broker.

[T.D. 78-138, 43 FR 21880, May 22, 1978, as amended by T.D. 79-159, 44 FR 31968, June 4, 1979; T.D. 86-161, 51 FR 30342, Aug. 26, 1986]

§ 111.26 Interference with examination of records.

Except in accordance with the provisions of §§ 162.1a through 162.1i, a broker shall not refuse access to, conceal, remove, or destroy the whole or any part of any record relating to his transactions as a broker which is being sought, or which the broker has reasonable grounds to believe may be sought, by the Treasury Department or any representative thereof, nor shall he otherwise interfere, or attempt to interfere, with any proper and lawful efforts to procure or reproduce information contained in such records.

[T.D. 70-134, 35 FR 9254, June 13, 1970, as amended by T.D. 79-159, 44 FR 31968, June 4, 1979; T.D. 86-161, 51 FR 30342, Aug. 26, 1986]

§ 111.27 Audit or inspection of records

The Field Director, Regulatory Audit, shall make such audit or inspection of the records required by this subpart to be kept and maintained by a broker as may be necessary to enable the port director and other proper officials of the Treasury Department to determine whether or not the broker is